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Copy No. of 33

Memorandum for Holders
IRAC-M-5
21 January 1974

INTELLIGENCE RESOURCES ADVISORY COMMITTEE

MEMORANDUM FOR HOLDERS OF IRAC-M-5

SUBJECT : Draft Minutes of the 14 December
IRAC Meeting

REFERENCE : IRAC-M-5, 14 December 1973

As of 17 January, all IRAC Members had telephonically approved the reference minutes. The OMB Member concurred subject to changes in Item 1, paragraph 5. The Acting State Member concurred subject to changes in the first sentence of Item 3. Revised pages 4 and 5 reflecting these changes are attached for substitution in all copies of the reference.

Executive Secretary

Attachment

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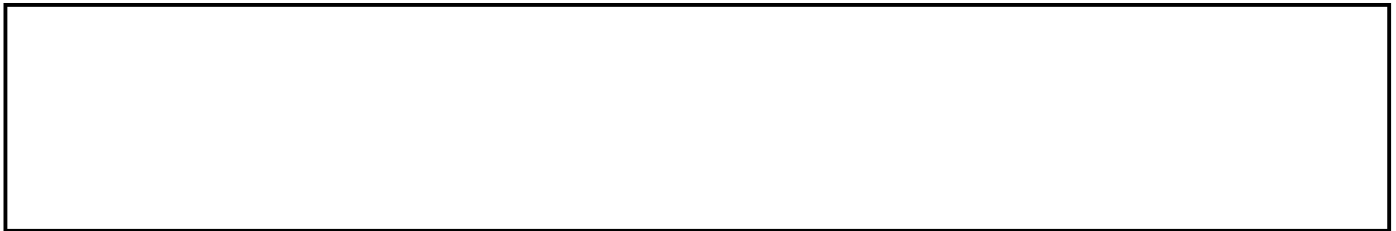
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Mr. Bridgewater made some general comments regarding the preparation stage of the Presidential memorandum as it related to the budget cycle. He pointed out that this paper should be viewed as the DCI's formal submission of overall intelligence budget recommendations. Final OMB positions on intelligence agency budgets will await the DCI's submission to the President of the overall community needs. Mr. Bridgewater emphasized that the separate budget reviews conducted at Executive Committee meetings and during the joint review process did not provide for an integrated review of intelligence expenditures with an appropriate consideration of trade-offs among the separate programs; the DCI's recommendation should be viewed as a means for reallocating resources among programs as required to reflect overall intelligence priorities.


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Mr. Colby advised the members that he intended to include a covering note to the President highlighting some of the major manpower and investment dilemmas.

After additional discussion the members noted that the final report to the President would be prepared and circulated early next week.

2. Discussion of the Implications
of Senate and House Reductions
in the Intelligence Budget

Dr. Hall addressed the House and Senate cuts to the intelligence budget, noting that he and Mr. Colby had appealed some aspects of this reduction. He reviewed the effects on manpower and noted that, in conjunction with Mr. Colby, an agreement with the Senate Committee had been reached to cut  by the end of FY-1974. He said that to realize savings of the full amount indicated, manpower reductions would have to be accomplished by 1 March 1974, and noted that in some areas the cuts would be painful.

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A general discussion followed on the overall budget reduction problem as it affected the intelligence community. If the trend continues, Mr. Colby

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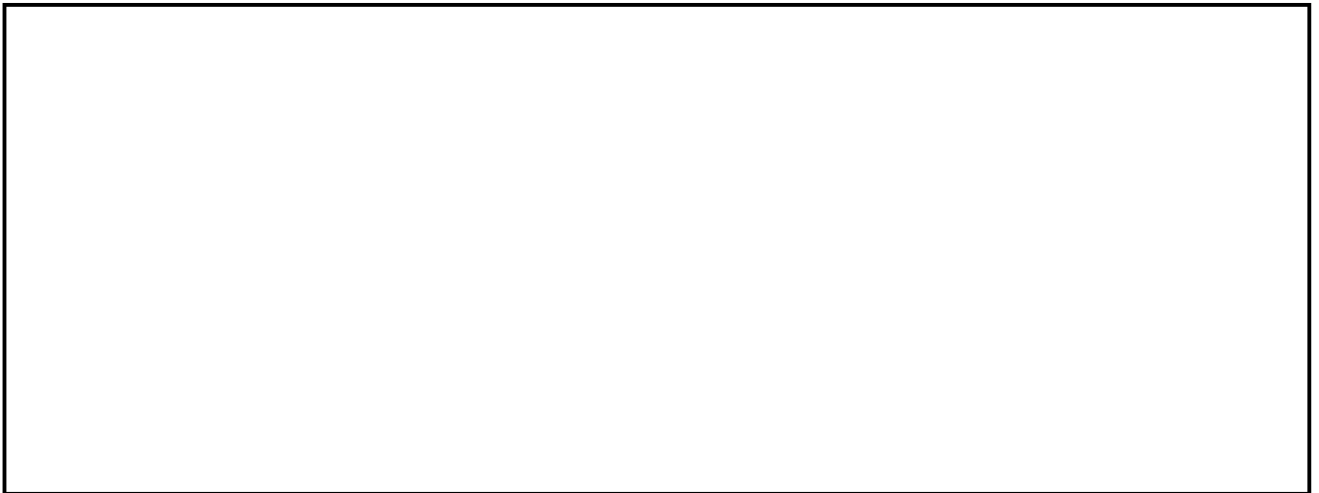


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pointed out that it would be necessary to eliminate programs. He also observed that, while the total budget figures were not significantly different than the past several years, inflation and increased manpower costs had resulted in important resource reductions. [redacted] observed that commitments in technical programs particularly NRP were longer term and that little if any reduction in investment areas were likely without a major program cut. He also observed that the increase in FY-75 over FY-74 would require very strong justifications with Congress.

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Executive Secretary

Adjournment: 1540 hours

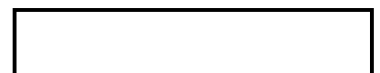
SECRETARY'S NOTE

Approval of Minutes
5 November Meeting
(IRAC-M-4, 29 November)

On 18 December 1973 all IRAC members telephonically approved the subject minutes. The Acting State Department Member concurred subject to an editorial change. A revised page 6 reflecting this change will be circulated as a Memorandum for Holders of IRAC-M-4, 19 December 1973.

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